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Wright, Robert (2012) *Demographic change and housing markets (Conference report)*. Fraser of Allander Economic Commentary, 36 (1). p. 95. ISSN 2046-5378

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# Demographic change and housing markets (Conference report)

Professor Robert E Wright, University of Strathclyde

There is considerable interest in the impact of demographic changes on social and economic outcomes. In high-income countries, the demographic change that generates the most current interest in government, amongst the media and in academic research is population ageing. Population ageing is the shift in the age distribution of a population away from younger age groups (e.g. < 15 years) to older age groups (e.g. 65+ years). The main "cause" of population ageing is a long-run fertility below the so-called replacement-level. Most high-income countries have experienced below replacement-level fertility for past three to four decades. Therefore, population ageing has considerably momentum and is not something that can "fixed" easily through policy.

There has been considerable research in the area of population economics aimed at trying to understand how population ageing affects the demand for/supply of both public and private goods and services. It is agreed that population ageing leads to an increased demand for health and medical services and for state-supplied pensions and other age-related benefits. This raised questions about the ability to pay for such services for an increasing number of people.

There is less agreement on the impact of population ageing on the demand for housing and residential services. This is somewhat surprising given that there is a clear age gradient in the demand for housing. In addition, housing costs are usually a large (if not the largest) item of household expenditure. Furthermore, the purchase of a house is usually the biggest single financial transaction an individual (or couple) makes in their lifetime. It would be a considerable exaggeration to assume that there is a dearth of research that links demographic change to housing markets. However, in terms of volume (and perhaps in quality as well) it lags well behind the topics mentioned above.

In an attempt to highlight these and related issues, Professor Robert E Wright of the Department of Economics, University of Strathclyde organised a one-day workshop titled: "Demographic Change and Housing Markets", held in Glasgow on February 15, 2012. The workshop consisted of six presentations and was attended by over 40 participants from academia, government, charities and business. The

workshop was funded by the Scottish Institute of Research in Economics (SIRE) and the Scottish Economic Society (SES).

The workshop brought together individuals carrying out current and leading research into the major links between demographic change and housing markets. The six presentations on the day were:

1. *Demographic Change and the Housing Market: Does the Effect Go Both Ways?*, by Bo Malmberg (University of Stockholm)
2. *The Adjustment of Housing Markets to Migration Change: Evidence for the Long and Short Run*, by Geoffrey Meen (University of Reading)
3. *Impact of Population Ageing on House Prices: A Micro-simulation Approach*, by Yu Chen (University of Glasgow), Kenneth Gibb (University of Glasgow), Chris Leishman (University of Glasgow) and Robert Wright (University of Strathclyde)
4. *Housing Equity and Residential Mobility*, by John Ermisch (University of Oxford) and Liz Washbrook (University of Bristol)
5. *Unpaid Care, Housing Decisions and the Resilience of the Care System*, by David Bell (University of Stirling) and Alasdair Rutherford (University of Stirling)
6. *Key Research Issues in the Relationship between Demographic Change and Housing Markets*, by David Miles (Monetary Policy Committee)

The titles of these presentations give an excellent indication of the diversity of issues relevant to understanding how demography and housing interacts.

The presenters were invited to prepare manuscripts of their presentations to be considered for publication. There was considerable feedback, led by the workshop rapporteur, Stuart McIntyre (University of Strathclyde) from the participants that presenters were encouraged to incorporate. The manuscripts were then subject to blind peer review and all six will appear in a special issue of the *Scottish Journal of Political Economy* published at the end of this year (volume 59, number 5), edited by Tim Barmby (University of Aberdeen) and Robert Wright. For those who do not subscribe to this journal, a copy of the special issue can be purchased via the Wiley-Blackwell website: <http://www.blackwellpublishing.com>.

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